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FINAL REVOCATION

Internal Revenue Service

Department of the Treasury

Date: OCT 04 2002

Person to Contact / Badge Number:

Contact Telephone Number:

Employer Identification Number:

Dear Sir or Madam:

Your exemption from Federal income tax as an organization described in section 501(c)(7) of the Internal Revenue Code has been considered in our examination of your Form 990 for the year ended

In a determination letter issued on _____ you were held to be exempt from Federal income under section 501(c)(7) of the Internal Revenue Code.

Your purposes and activities include providing maintenance and security for the common areas of _____ Your membership is limited to homeowners or lot owners of your Subdivision. Your Subdivision does not constitute a community. Your recreational facilities are not opened to the general public but are limited to your members and their guests.

Section 1.501(c)(7)-1 of the Income Tax Regulations states in part that the exemption provided by section 501(a) for organizations described in Section 501(c)(7) applies only to clubs which are organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, but does not apply to any club if any part of its net earnings inures to the benefit of any private shareholder.

Your organization does not qualify for exemption under section 501(a) as an organization described under 501(c)(7) because its activities are not exclusively for pleasure, recreation, and similar nonprofitable purposes. Also your organization does not qualify as a social welfare organization described under 501(c)(4) because it operates for the private benefit of your members and not for promotion of social welfare within the meaning of section 501(c)(4).

An organization, which no longer is exempt under section 501(a), is required to file income tax returns, such as Forms 1120. If it qualifies as a homeowners association, it has an option to file a Form 1120-H in place of a Form 1120.

You agreed to revocation of your exemption as an organization described under section 501(c)(7) by signing Form 6018. You also filed Forms 1120-H income tax returns with the Service.

This letter is the formal revocation of your exemption under section 501(a) as an organization described under section 501(c)(7), effective

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An organization qualifies as a homeowners association, if it meets the requirements under section 528 of the Code *and* elects to be so treated. Such organization makes the election by filing a properly completed Form 1120-H as its income tax return. The organization can compare its total tax computed on Form 1120-H with its total tax on Form 1120; and file the Form which results in the lowest tax. The election is made separately for each tax year and generally must be made by the due date including extensions of the income tax return.

If you have any questions concerning this matter, you may write to the person whose name and telephone number are shown on this letter. If you write please include your telephone number, the best time for us to call if we need more information, and a copy of this letter to help us identify your account. Please keep the original letter for your records.

If you prefer, you may call the person whose name and telephone shown on this letter. If this number is outside your local calling area, there will be a long distance number charge to you. You may also call the IRS telephone number listed in your directory. An IRS employee there may be able to help you but the person at the address shown above in this letter is the individual who can access your tax information and best help you obtain answers to any questions you may have.

You also have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate is not able to reverse a legally correct tax determination, nor extend the time fixed by law that you have to file a petition in the U.S. Tax Court. The Taxpayer Advocate, can however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. If you want Taxpayer Advocate assistance, please contact the Taxpayer Advocate for the IRS office that issued this letter. See the enclosed Notice 1214, "Helpful Contacts for Notice of Deficiency", for Taxpayer Advocate telephone numbers and addresses.

Thank you for your cooperation.

Sincerely,



R. C. Johnson
Director, EO Examinations

Enclosure(s):

Publication 892

Publication 3498

Notice 1214